

<p style="text-align: center;">Limited Source Justification and Justification for Other than Full and Open Competition</p>

"Source Selection Information – see FAR 2.101 and 3.104"

1. Identification of the agency and contracting activity.

- **Federal agency and contracting activity:** HHS – Centers for Medicare & Medicaid Services
- **Sponsoring organization:** Office of Information Services / Consumer Information & Insurance Systems Group
- **Project Officer information**
 - **Project Officer :** Paul Weiss
 - **Mailing address:** 7500 Security Blvd, Baltimore, MD 21244
 - **E-mail address:** paul.weiss@cms.hhs.gov
 - **Telephone number:** (410) 786-6089

2. Nature and/or description of the action being approved.

This justification supports the award of an out of scope modification which adds an optional period of performance to a Logical Follow-on task order with Terremark Federal Group, Inc. CMS executed and approved a Limited Sources Justification (LSJ) to support this logical follow-on order in February 2014. CMS awarded Terremark a logical follow-on order as a short term bridge while CMS transitions this work to the competitively awarded HP Enterprise Services (HP) Virtual Data Center (VDC) task order by September 1, 2014.

CMS is modifying this order to add an additional period of performance in case CMS is not able to successfully transition this work by September 1, 2014.

This modification will add up to six additional months of performance by increasing an existing option and adding a new option period. The services provide the technology infrastructure and service requirements necessary to provide cloud computing to support the development and operations of the projects that support the Affordable Care Act (ACA) implementations. These projects include the Federally Facilitated Marketplace (FFM) and Data Services Hub (DSH).

This action will add open market items to a GSA Schedule 70 task order with Terremark Federal Group, Inc. as well as services that are on Terremark's GSA Schedule 70 contract. The open market items require a Justification for Other than Full and Open Competition (JOFOC) since the items are not included on a GSA Schedule contract, they are treated as brand-name specific requiring justification in accordance with FAR Part 6.3. The services that are on schedule require a LSJ.

For administrative convenience, CMS is consolidating the information required in the LSJ and JOFOC into one combined document that fully addresses the requirements of each justification.

- **Acquisition purpose and objectives.**

The goal of this effort is to obtain the technology infrastructure and software requirements to provide the cloud computing environment for the Federally Facilitated Marketplace systems in case CMS cannot transition the work to HP.

- **Project background.**

In June 2013, CMS awarded a contract to HP to build and transition the infrastructure from the Terremark to the Health Insurance Marketplace Virtual Data Center (HIM VDC).

In February 2014, CMS awarded a limited-source, logical follow-on task order to Terremark Federal Group, Inc. The task order continued the Terremark services while CMS continues the transition the HP HIM VDC.

Currently, CMS anticipates fully transitioning to the HP HIM VDC by the end of August 2014. In the event that CMS experiences last minute delays or issues with the transition, CMS requires the addition of a new option period to the task order with Terremark Federal Group, Inc.

The logical follow-on order was awarded with three one-month option periods, the last one ending on September 30, 2014. CMS will modify the order to extend the last option through October 31, 2014. CMS will also add an additional option period to run from November 1, 2014 through March 31, 2015.

As a result of this modification, CMS will add up to six more months of performance to the task order.

3. Description of the supplies or services required to meet the agency's needs (including the estimated value).

- **Project title:** Cloud Computing Services
- **Project description**

The services will provide the technology infrastructure and service requirements necessary for cloud computing to support the development and operations of the FFM and DSH in support of the ACA implementations in the event that CMS is not ready to fully transition to HP by the end of the current task order.

- **Requirement type.**

- ☐ Support services (non-research & development)
- ☐ Supplies/equipment
- ☒ Information technology (IT)
- ☐ Other (specify): _____

- **Type of action.**

- ☐ New requirement
- ☐ Follow-on
- ☒ Other (specify): ____Modification to add out of scope services and open market items

- **Proposed contract/order type.**

- ☒ Firm-fixed-price
- ☐ Time and materials
- ☐ Indefinite delivery (specify whether indefinite quantity, definite quantity, or requirements): _____
- ☐ Other (specify): _____

- **Acquisition identification number:**

Contract: GS-35F-0073U

Order: HHSM-500-2014-00355G

- **Total estimated dollar value and performance/delivery period.**

The potential value of the additional services is estimated at \$45.4M. With the addition of the optional services, the total

potential period of performance of this task order will be from March 1, 2014 through March 31, 2015. The following tables depict the Open Market Items required in the specific periods of performance:

CLIN 0004 Option 3 OM list for JOFOC

Service/Product Description	Open Market	Qty	Price	Total Value #2 Months
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	34	\$ 20,800.00	\$ 1,414,400.00
Cloud Storage Infrastructure Service (5 systems): Netapp Filer Head 6290 Series Upgrade, High Availability Design Service	Open Market	1	\$ 167,504.00	\$ 335,008.00
Cloud Firewall Infrastructure Service: Cisco FW 5585-60, High Availability Design Service	Open Market	1	\$ 40,176.00	\$ 80,352.00
Dedicated IDS (Including Dedicated VSS)	Open Market	1	\$ 7,102.24	\$ 14,204.48
Dedicated Full Packet Capture	Open Market	1	\$ 26,454.87	\$ 52,909.74
Dedicated SIEM/Log Aggregation (Up to 250VM's)	Open Market	1	\$ 18,307.34	\$ 36,614.68
Dedicated SIEM/Log Aggregation (each)	Open Market	671	\$ 73.23	\$ 98,274.66
Dedicated Netflow Analysis	Open Market	1	\$ 11,672.28	\$ 23,344.56
Network Behavior Analysis Upgrade up to 1.5Gbps NetFlow, Arbor Networks	Open Market	1	\$ 10,446.00	\$ 20,892.00
Dedicated SSL VPN: CISCO ASA 5500 SSL VPN 500U LIC	Open Market	2	\$ 9,963.86	\$ 39,855.44
Dedicated SSL VPN: CISCO ASA 5585 FIPS OPACITY KIT	Open Market	2	\$ 332.18	\$ 1,328.72
Network Tap: XFP	Open Market	1	\$ 289.00	\$ 578.00
Network Tap: VSS Monitoring	Open Market	1	\$ 13,277.00	\$ 26,554.00
Compute : Enterprise Cloud - Copper Cloud Connect (HA)	Open Market	1	\$ 323.00	\$ 646.00
POTS line for Colocation	Open Market	1	\$ 111.70	\$ 223.40
Platform Fee : Platform Fee - 208V (Per Effective 01U)	Open Market	22	\$ 105.00	\$ 4,620.00
Additional 50 VMs Managed Services	Open Market	16	\$ 31,993.34	\$ 1,023,786.88
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	8	\$ 22,045.36	\$ 352,725.76
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	6	\$ 20,800.00	\$ 249,600.00
Materials : Hybrid Deployment Suite: Ethernet Uplink	Open Market	4	\$ 50.00	\$ 400.00
Space : Hybrid Deployment Suite: 1/4 Cabinet - Single Device (8U, 360W)	Open Market	1	\$ 510.00	\$ 1,020.00
Additional 50 VMs Managed Services	Open Market	7	\$ 31,993.34	\$ 447,906.76
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	3	\$ 22,045.36	\$ 132,272.16
Dedicated SIEM/Log Aggregation (Per VM)	Open Market	340	\$ 73.23	\$ 49,796.40
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	9	\$ 20,800.00	\$ 374,400.00
Additional 50 VMs Managed Services	Open Market	13	\$ 31,993.34	\$ 831,826.84
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	3	\$ 22,045.36	\$ 132,272.16
Dedicated SIEM/Log Aggregation (Per VM)	Open Market	427	\$ 73.23	\$ 62,538.42
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	1	\$ 20,800.00	\$ 41,600.00
Platform Fee : Platform Fee - 208V (Per Effective 01U)	Open Market	96	\$ 105.00	\$ 20,160.00
Additional 50 VMs Managed Services (lot of 50 VMs)	Open Market	2	\$ 31,993.34	\$ 127,973.36
Additional 50 PMs Managed Services (lot of 50 PMs)	Open Market	1	\$ 38,924.53	\$ 77,849.06
Dedicated SEIM\Log Aggregation (per VM or physical server)	Open Market	96	\$ 73.23	\$ 14,060.16
Total OM for CLIN 0004 Option 3 OM				\$ 6,089,993.64

CLIN 0005 Option 4 OM list for JOFOC

Service/Product Description	Open Market	Qty	Price	Total Value #5 Months
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	34	\$ 20,800.00	\$ 3,536,000.00
Cloud Storage Infrastructure Service (5 systems): Netapp Filer Head 6290 Series Upgrade, High Availability Design Service	Open Market	1	\$ 167,504.00	\$ 837,520.00
Cloud Firewall Infrastructure Service: Cisco FW 5585-60, High Availability Design Service	Open Market	1	\$ 40,176.00	\$ 200,880.00
Dedicated IDS (Including Dedicated VSS)	Open Market	1	\$ 7,102.24	\$ 35,511.20
Dedicated Full Packet Capture	Open Market	1	\$ 26,454.87	\$ 132,274.35
Dedicated SIEM/Log Aggregation (Up to 250VM's)	Open Market	1	\$ 18,307.34	\$ 91,536.70
Dedicated SIEM/Log Aggregation (each)	Open Market	671	\$ 73.23	\$ 245,686.65
Dedicated Netflow Analysis	Open Market	1	\$ 11,672.28	\$ 58,361.40
Network Behavior Analysis Upgrade up to 1.5Gbps NetFlow, Arbor Networks	Open Market	1	\$ 10,446.00	\$ 52,230.00
Dedicated SSL VPN: CISCO ASA 5500 SSL VPN 500U LIC	Open Market	2	\$ 9,963.86	\$ 99,638.60
Dedicated SSL VPN: CISCO ASA 5585 FIPS OPACITY KIT	Open Market	2	\$ 332.18	\$ 3,321.80
Network Tap: XFP	Open Market	1	\$ 289.00	\$ 1,445.00
Network Tap: VSS Monitoring	Open Market	1	\$ 13,277.00	\$ 66,385.00
Compute : Enterprise Cloud - Copper Cloud Connect (HA)	Open Market	1	\$ 323.00	\$ 1,615.00
POTS line for Colocation	Open Market	1	\$ 111.70	\$ 558.50
Platform Fee : Platform Fee - 208V (Per Effective 01U)	Open Market	22	\$ 105.00	\$ 11,550.00
Additional 50 VMs Managed Services	Open Market	16	\$ 31,993.34	\$ 2,559,467.20
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	8	\$ 22,045.36	\$ 881,814.40
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	6	\$ 20,800.00	\$ 624,000.00
Materials : Hybrid Deployment Suite: Ethernet Uplink	Open Market	4	\$ 50.00	\$ 1,000.00
Space : Hybrid Deployment Suite: 1/4 Cabinet - Single Device (8U, 360W)	Open Market	1	\$ 510.00	\$ 2,550.00
Additional 50 VMs Managed Services	Open Market	7	\$ 31,993.34	\$ 1,119,766.90
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	3	\$ 22,045.36	\$ 330,680.40
Dedicated SIEM/Log Aggregation (Per VM)	Open Market	340	\$ 73.23	\$ 124,491.00
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	9	\$ 20,800.00	\$ 936,000.00
Additional 50 VMs Managed Services	Open Market	13	\$ 31,993.34	\$ 2,079,567.10
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	Open Market	3	\$ 22,045.36	\$ 330,680.40
Dedicated SIEM/Log Aggregation (Per VM)	Open Market	427	\$ 73.23	\$ 156,346.05
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	Open Market	1	\$ 20,800.00	\$ 104,000.00
Platform Fee : Platform Fee - 208V (Per Effective 01U)	Open Market	96	\$ 105.00	\$ 50,400.00
Additional 50 VMs Managed Services (lot of 50 VMs)	Open Market	2	\$ 31,993.34	\$ 319,933.40
Additional 50 PMs Managed Services (lot of 50 PMs)	Open Market	1	\$ 38,924.53	\$ 194,622.65
Dedicated SEIM\Log Aggregation (per VM or physical server)	Open Market	96	\$ 73.23	\$ 35,150.40
Total OM for CLIN 0005 Option 4 OM				\$ 15,224,984.10

4. Identification of the justification rationale [see 8.405-6(a) and (b)] and, if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.

a. Acquisition authority.

This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted to fewer than the number required by Federal Acquisition Regulation (FAR) 8.405-6(a)(1)(i)(A) (i.e., fewer than three FSS contractors). There is one source that can provide the required services.

Additionally, CMS will conduct portions of the modification (for the open market items described above) using the authority of 41 United States Code (U.S.C.) 253(c)(1) as set forth in Federal Acquisition Regulation (FAR) 6.302-1- Only one responsible source and no other supplies of services will satisfy agency requirements.

b. Demonstration of the proposed contractor(s) unique qualifications to provide the required supply or service.

- **Name and address of the proposed contractor(s).**

Terremark Federal Group, Inc., One Biscayne Tower, 2 S. Biscayne Boulevard, Suite 2800, Miami, FL 33131-1800

- **Nature of the acquisition and proposed contractor(s) unique qualifications.**

In June 2013, CMS awarded a contract to HP to build and transition the infrastructure from Terremark to the Health Insurance Marketplace Virtual Data Center.

In February 2014, CMS justified and awarded a limited-source, logical follow-on task order to Terremark Federal Group, Inc. using the Logical Follow-on exception described at 8.405-6. The task order continues the Terremark services while CMS completes the transition the HP HIM VDC.

Currently, CMS anticipates fully transitioning to the HP HIM VDC by the end of August 2014. In the event that CMS experiences last minute delays or issues with the transition, CMS requires additional services from Terremark. Terremark is uniquely qualified to provide this short term extension should the transition to HP not be successful in August 2014. Another provider would not be able to efficiently step in and host the applications until HP were able to take over. Failure to award this modification will greatly jeopardize the Marketplace program and result

in system performance issues of healthcare.gov should the transition to the HP HIM VDC be unsuccessful.

FAR 8.4 also provides that ordering agencies may add items that are not included on the Multiple Award Schedules. These items are defined as open market items. FAR 8.4 permits ordering agencies to add open market items if the agency follows pertinent acquisition regulations, including the requirement to obtain full and open competition described in FAR 6. In accordance with FAR 6.3, this document provides the required documentation and approval of the non-competitive acquisition from Terremark of the brand-name open market items described herein. The open market services are brand-name or peculiar to one manufacturer. The use of such descriptions is essential to the Government's requirements thereby precluding consideration of products manufactured by other companies.

5. Determination by the ordering activity Contracting Officer that the order represents the best value consistent with FAR 8.404(d).

The Contracting Officer will perform price analysis on the GSA schedule pricing proposed by the contractor. The Contracting Officer requested discounts to the already-negotiated GSA pricing. The Contracting Officer requested the contractor to provide detailed pricing information from the GSA schedule price list illustrating how the contractor derives its proposed pricing for the cloud services. For the labor portions of the required services, the Contracting Officer required the contractor to provide the estimated hours and GSA schedule labor categories proposed to perform the services. The Contracting Officer will perform price analysis of these proposed rates and obtained a technical analysis from the CMS program office to determine if the quantities and types of labor are realistic to perform the required services. Based on the analysis described above, the Contracting Officer will determine the total proposed price to be fair and reasonable.

In determining the price to be fair and reasonable for the open market items, the Contracting Officer will review the commercial price list from the offeror in accordance with FAR 15.402. Consistent with FAR 15.404-1(b)(2)(iv), the Contracting Officer has obtained established catalog prices to determine price reasonableness. In accordance with FAR 15.403-1(b)(3) certified cost/pricing data is not required since the items being acquired are considered commercial items as defined in FAR 2.101. The Contracting Officer will compare the commercial price list, the discounted prices and the proposed prices to determine price reasonableness.

6. Description of the market research conducted among schedule holders and the results, or a statement of the reasons market research was not conducted.

Since CMS has already justified and approved a logical follow-on task order with Terremark in accordance with FAR 8.405-6(a)(1)(i)(C), and this action accounts for potential continuation of these services, CMS did not conduct market research in advance of this action. Additionally, CMS performed a competitive procurement for the long-term continuation of these services through the VDC IDIQ and performed market research to determine the appropriate competitive methods to procure the needed services.

7. Any other facts supporting the justification.

None.

8. Statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the restricted consideration before any subsequent acquisition for the supplies or services is made.



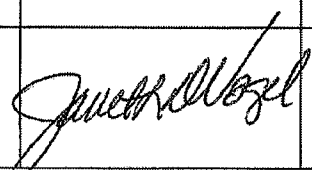
a. Removal of barriers to competition.

CMS awarded a contract to HP in June 2013 to build and transition the current Terremark infrastructure. This modification provides a temporary solution to continue the Terremark services until the infrastructure is ready to fully transition to the HP HIM VDC.

b. Listing of sources, if any, that expressed an interest, in writing, in the acquisition. N/A

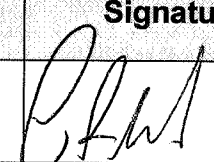
9. Program office certification

This is to certify that the portions of this justification that have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs or requirements, or other rationale for limited sources, are accurate and complete.



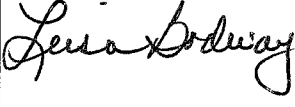

Official	Name & Title	Signature	Date
Contracting Officer's Representative	Paul Weiss		5/6/14
Contracting Officer's Representative's Immediate Supervisor	Angela Hitchcock		5/8/14
Head of the Sponsoring Program Office	Janet Vogel		5/8/2014

10. Contracting Officer Certification

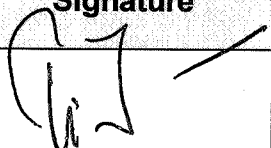
This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief the information and/or data provided to support the rationale and recommendation for approval is accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer	Andrew Mummert		6/17/14

11. Chief of the Contracting Office and Head of the Contracting Activity signature(s):

Official	Name & Title	Signature	Date
Cognizant Division Director	Andrew Mummert, Director, Division of Information Systems Contracts		6/17/14
Cognizant Group Director	Don Knode, Director, Information Technology Contracts Group		6/17/14
Director, Division of Policy Workforce and Systems	Jason Vollmer, Director, Division of Quality Assurance and Technology		6/17/14
Head of the Contracting Activity	Daniel F. Kane, Director, Office of Acquisition and Grants Management		6/17/14

12. Competition Advocate signature:

Official	Name & Title	Signature	Date
Competition Advocate	Tim Love, Chief Operating Officer		6/19/14